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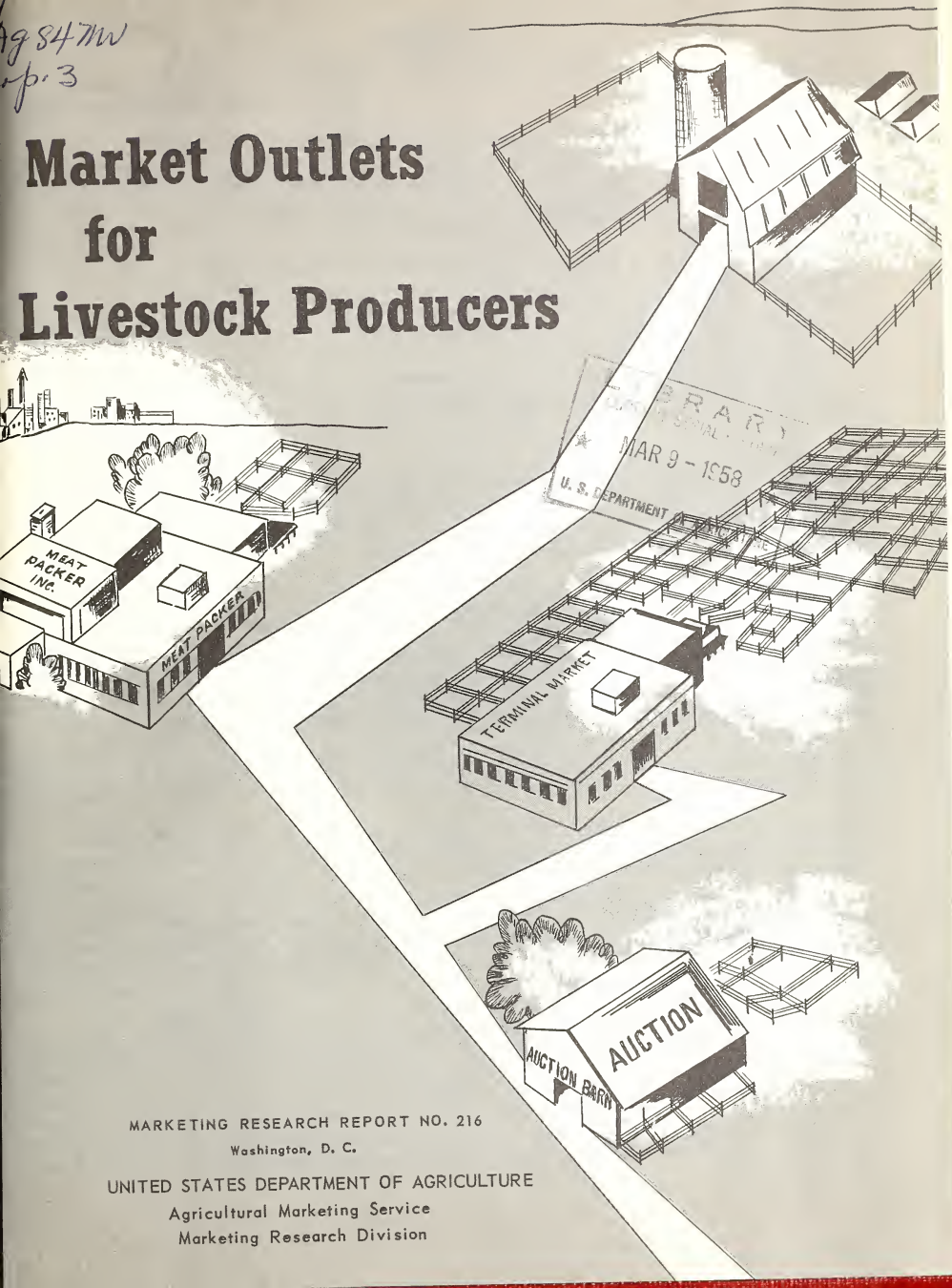
Market Outlets for Livestock Producers



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Agricultural Marketing Service
Marketing Research Division

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SUMMARY

Farmers, ranchers, and feeders usually have a number of outlets to choose from when marketing their livestock.

In 1955, farmers in the United States sold more livestock through terminal public markets than through any other single market outlet. However, if all forms of country selling are combined--direct to packers, to local dealers, and to farmers--this outlet ranks highest. Auction selling, while increasing during recent years, is still below terminal markets in volume for all livestock combined.

The relative importance of outlets varies by species. In 1955, farmers marketed 38 percent of their cattle, 22 percent of their calves, 35 percent of their sheep and lambs, and 31 percent of their hogs and pigs through terminal public markets. Country selling accounted for about a third of the cattle and of the calves, almost half of the sheep and lambs, and over half of the hogs sold. Auction selling amounted to somewhat more than a fourth of the cattle sold, two-fifths of the calves, and one-sixth each of sheep and lambs and of hogs and pigs.

These patterns vary, however, by regions. For livestock as a whole, terminal public markets lead in the North Central States. Auctions are the dominant markets in the South. In the Northeast and in the West, country selling is most important. Also, marketing outlets used by farmers differ considerably from region to region for different species of livestock.

Because much livestock for both country and auction selling is not for immediate slaughter, among final sales to slaughterers, terminal markets rank higher than they do in original sales at the farm. In 1956, federally inspected slaughterers purchased 70 percent of their cattle at terminal markets, 37 percent of their calves, 45 percent of their sheep and lambs, and 37 percent of their hogs.

Since World War I, terminal markets have declined in relative importance and other outlets have grown. In 1923, for instance, inspected slaughterers' purchases at terminal markets were 90 percent of their total kill of cattle, 86 percent of calves, 86 percent also of sheep and lambs, and 77 percent of hogs.

Country selling, aided by improvements in motor truck transportation among other factors, began its fast growth in the 1920's. It expanded most for hogs. Auctions grew in prominence after 1930. In that year only about 200 were operating. The first complete count, in 1937, indicated 1,345 auctions were then operating in the United States. Another count showed 2,472 operating in 1949. The peak in numbers was reached in 1952 when over 2,500 different livestock auctions were holding sales. Another complete count in 1955 showed that auction numbers had declined to 2,322.

Although producers will continue to have a variety of market outlets available to them, they may be expected to shift at times from one type to another. Because price changes at different market outlets do not take place simultaneously, nor in the same amount and direction, one market may be the most advantageous outlet for a particular class and grade of livestock at one time, but another may be more advantageous at some other time. Also, progressive evolution in market type, organization, and services can be expected.

MARKET OUTLETS FOR LIVESTOCK PRODUCERS

By Victor B. Phillips and Gerald Engelman,
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INTRODUCTION

This report presents a brief resume of the development, growth, and change in pattern of livestock market outlets in the United States. More specifically, it is intended to fill a need for more information on the relative importance of different types of market outlets available to livestock producers. Significant changes have taken place since World War I.

Presented in this report are data and charts showing percentages of each species of livestock sold by farmers through different types of market outlets by regions during 1955. A discussion of market outlets for the United States as a whole precedes the detail by regions and species. For the most part, this is a source of data rather than an interpretive report. Basic information on livestock market outlets presented here may later be used as background material for more specialized studies.

Estimates of sales of livestock by farmers through different types of market outlets in 1955 are based on data obtained in connection with a comprehensive survey in 1956 of farmers' expenditures in 1955. The survey was made under the supervision of the Agricultural Marketing Service of the United States Department of Agriculture and the Bureau of the Census. A sample of approximately 6,600 farms was drawn from basic lists obtained from the 1954 Census of Agriculture.

DEVELOPMENT, GROWTH, AND CHANGE IN PATTERN OF LIVESTOCK MARKET OUTLETS

The development and growth of livestock market outlets in the United States have brought about changes in the pattern of marketing. Marketing agencies available to farmers and ranchers for moving livestock from farms and ranches to feedlots and from farms, ranches, and feedlots to packers are many and varied. The more important ones are terminal public markets, auctions, and "country selling." Country selling includes sales direct to packers, local dealers, and farmers.

Terminal Public Markets

Terminal public livestock markets, where livestock are assembled at a single geographic location in large numbers to be sold by private trading, have been of considerable importance for some time. The first of the present terminal public markets was established at Chicago in 1865. 1/ Most of the larger terminal markets operating today were established in the latter half of the 19th century.

Up through World War I, the majority of slaughter livestock in the United States was sold through terminal public markets directly by farmers or by local buyers shipping to them. Since then, the importance of these markets has declined in relation to other outlets. The decline is illustrated in figure 1, which shows the changing percentages of animals that were bought at public markets from 1923 to 1956 and slaughtered in federally inspected plants. In 1923, federally inspected slaughterers purchased 90 percent of their cattle in central markets; in 1951, 73 percent. The percentage of federally inspected slaughter of calves and of sheep and lambs that was sold through terminal markets declined from about 86 percent in 1923 to 56 percent for calves and 51 percent for sheep and lambs in 1951. The percentage of hogs that federally inspected plants bought from central markets dropped from 77 in 1923 to 42 in 1951.

Collection of data for the percentage of livestock slaughtered under Federal inspection and purchased at terminal public markets was discontinued in 1951. Recent trends in salable receipts at terminal markets suggest that those percentages have continued to decline. By 1956, it appears that the percentage of federally inspected slaughter cattle bought at terminal markets may have dropped to about 70 percent, calves to 37 percent, sheep and lambs to about 45 percent, and hogs to about 37 percent. For slaughter at all commercial slaughtering plants the percentage bought at terminal markets is somewhat less. This is because nonfederally inspected slaughterers tend to buy larger proportions of their livestock at markets other than terminal markets.

The 64 terminal public markets vary greatly in size. The 10 largest markets handled between one-half and three-fourths of the combined total of various species of livestock sold during the period 1951-55 (fig. 2).

Most of the large public markets are located in or adjacent to the Corn Belt. However, several large markets for calves are in Texas and Oklahoma, while several of the large lamb markets are in Texas, Colorado, and Utah.

1/ Terminal public markets (also referred to as terminal markets, central markets, public stockyards, and public markets) are livestock trading centers having complete facilities for receiving, caring for, handling, and for the sale of livestock on a "private treaty basis." The terminal public markets in this report are the 64 livestock trading centers for which the U. S. Department of Agriculture assembles market information. Various numbers of commission firms, depending on size of market, sell livestock at these markets. All buyers and sellers of livestock are privileged to use these facilities.

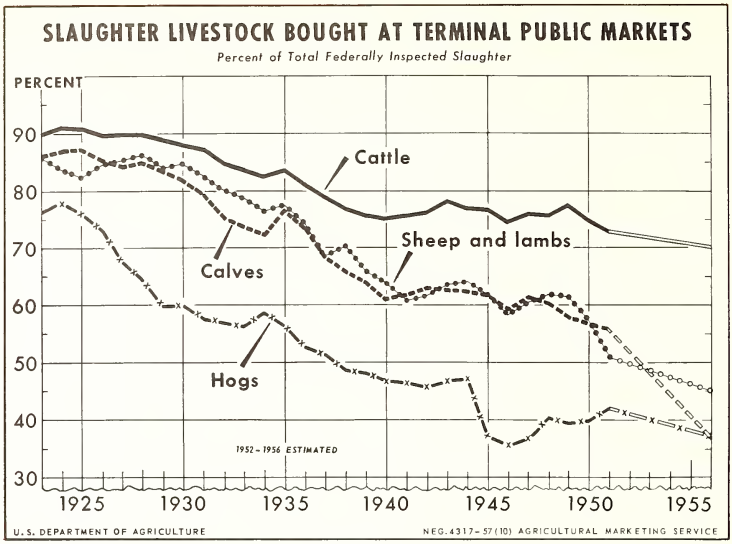

Figure 1

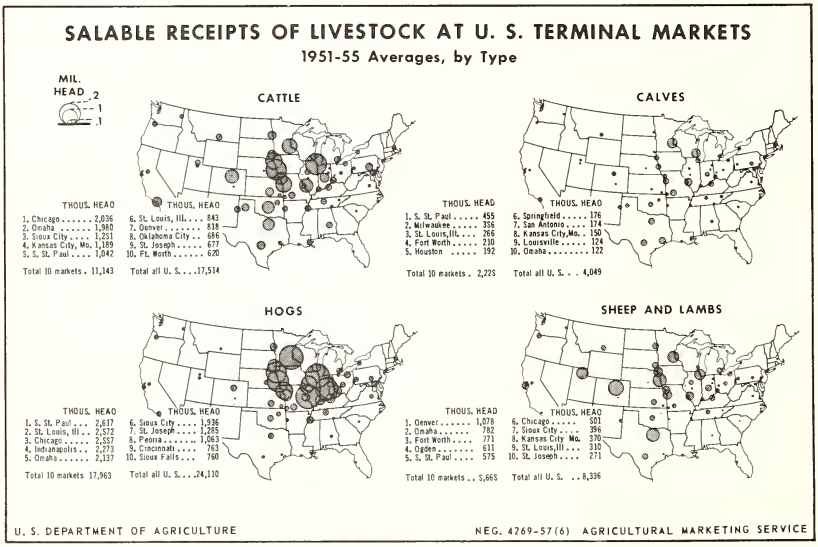
SALABLE RECEIPTS OF LIVESTOCK AT U. S. TERMINAL MARKETS
1951-55 Averages, by Type
MIL. HEAD
2
1
.1
CATTLE
THOUS. HEAD
1. Chicago 2,036
2. Omaha 1,980
3. Sioux City 1,251
4. Kansas City, Mo. 1,189
5. S. St. Paul 1,042
Total 10 markets . 11,143
THOUS. HEAD
6. St. Louis, Ill. 843
7. Denver 838
8. Oklahoma City .. 686
9. St. Joseph 677
10. Ft. Worth 670
Total all U. S. ...17,514
CALVES
THOUS. HEAD
1. S. St. Paul 455
2. Milwaukee 356
3. St. Louis, Ill. ... 266
4. Fort Worth 210
5. Houston 192
Total 10 markets . 2,225
THOUS. HEAD
6. Springfield 176
7. San Antonio 174
8. Kansas City, Mo. . 150
9. Louisville 124
10. Omaha 122
Total all U. S. . . 4,049
HOGS
THOUS. HEAD
1. S. St. Paul ... 2,617
2. St. Louis, Ill .. 2,572
3. Chicago 2,557
4. Indianapolis .. 2,273
5. Omaha 2,137
Total 10 markets 17,963
THOUS. HEAD
6. Sioux City 1,936
7. St. Joseph 1,285
8. Peoria 1,063
9. Cincinnati 763
10. Sioux Falls ... 760
Total all U. S. ..24,110
SHEEP AND LAMBS
THOUS. HEAD
1. Denver 1,078
2. Omaha 782
3. Fort Worth 771
4. Ogden 611
5. S. St. Paul 575
Total 10 markets .. 5,665
THOUS. HEAD
6. Chicago 501
7. Sioux City 396
8. Kansas City Mo. 370
9. St. Louis, Ill 310
10. St. Joseph 271
Total all U. S. ..8,336
U. S. DEPARTMENT OF AGRICULTURE
NEG. 4269-57(6) AGRICULTURAL MARKETING SERVICE

Figure 2

Chicago was the largest cattle market during the first half of the 1950's followed by Omaha, Sioux City, Kansas City, and St. Paul. These markets have rather consistently been the largest cattle markets since World War I. Chicago has been first in volume of receipts in nearly all years. However, the relative importance of markets other than Chicago has increased greatly during this period.

South St. Paul, Milwaukee, and East St. Louis, the three largest calf markets, are primarily outlets for veal calves from neighboring dairy areas. Fort Worth and Houston follow these three in importance in the Southwest as outlets for beef calves. At the time of World War I, Chicago was more than twice as large a calf market as any of its nearest competitors. Since that time, Chicago has declined substantially as a calf market until it ranked just below the first 10 markets in 1951-55.

Chicago remains one of the largest hog markets, but it lost its lead and ranked third behind South St. Paul and East St. Louis during 1951-1955. During World War I, Chicago was more than three times as large a hog market as its nearest competitors--Omaha, East St. Louis, Indianapolis, and St. Paul--which at that time ranked very close together. With the growth of direct marketing, however, hog receipts dropped more rapidly at Chicago than at other markets during this period.

Denver was the largest sheep market during 1951 to 1955, followed by Omaha, Fort Worth, Ogden, St. Paul, and Chicago. Chicago and Omaha were the leading markets during World War I. After 1930, other markets located in the range country gained at the expense of Corn Belt terminal public markets.

Livestock Auction Markets

One of the most dynamic changes of our livestock marketing system during the last several decades has been the growth of the livestock auction market; it has become one of the important market outlets for the Nation's livestock. 2/ In contrast to large public terminal markets which receive some livestock from considerable distances, auction markets draw their supplies largely from the communities in which they are located. Most animals are brought by farmers or dealers to the auction market.

Some of the shifts from the terminal public markets, as well as among the terminal markets, may be accounted for by the growth of livestock auctions which began during the 1930's. Although there are some records of occasional livestock auction sales during the 19th century, there is no indication of any auction market that continued operation throughout the period of the greatest development of terminal public stockyards markets. It is within the current century that the present auction development had its beginnings.

2/ Livestock auctions (also referred to as sales barns, livestock auction agencies, community sales, and community auctions) are trading centers where animals are sold by public bidding to the buyer who offers the highest price per hundredweight or per head.

Figure 3 shows the growth in numbers of livestock auctions from 1900 to 1955. Auction markets developed rather slowly through the 1920's and were then largely concentrated in the North Central States, extending from Kentucky through Iowa, Nebraska, and Oklahoma. About 200 auctions are estimated to have been operating by 1930. The first complete count made in 1937 indicated 1,345 auctions were operating in the United States. Another count showed 2,472 operating in 1949. The peak in numbers was reached in 1952 when over 2,500 different livestock auctions were holding sales. Another complete count in 1955 showed that auction numbers had declined to 2,322.

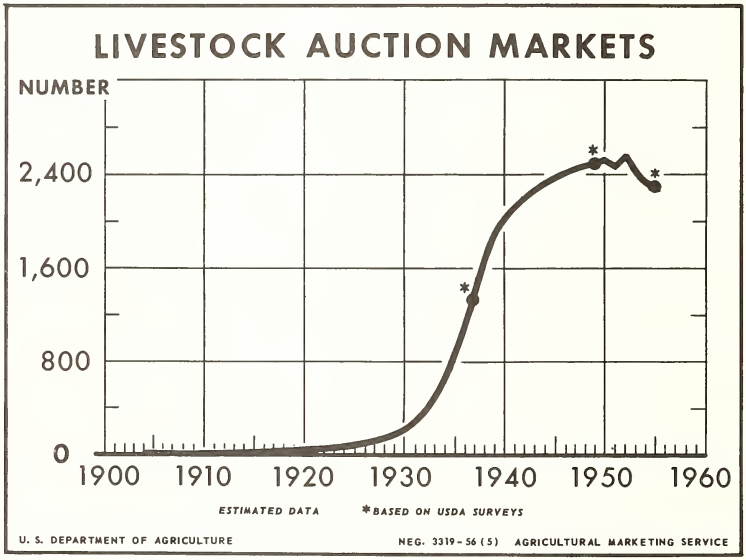

Figure 3

The really phenomenal growth in numbers of auctions took place in the 1930's This early growth was concentrated in the North Central region. Later developments took place in the South, the Northeast, and the Western States. In 1937, three-fourths of the livestock auction markets were located in the 12 North Central States, Kentucky, and Oklahoma. In 1955, these States had slightly less than half the total number, as more auctions had been established in the South and West. The geographical distribution of livestock auction markets in 1955 is shown in figure 4. Iowa was the leading State with 185 auction markets, while Texas was second with 151. Auction markets are considerably more widely scattered in the entire United States than are the terminal markets.

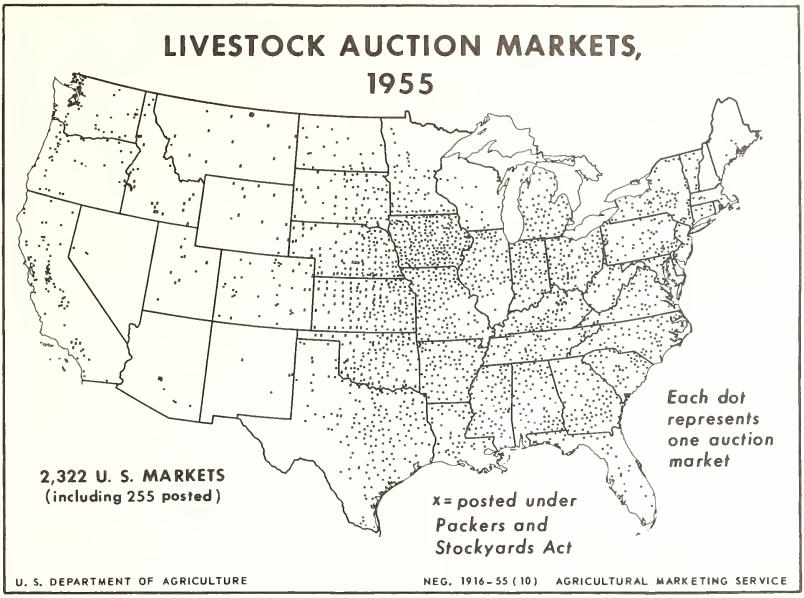
LIVESTOCK AUCTION MARKETS,
1955
Each dot represents one auction market
2,322 U. S. MARKETS
(including 255 posted)
x = posted under Packers and Stockyards Act
U. S. DEPARTMENT OF AGRICULTURE
NEG. 1916-55 (10) AGRICULTURAL MARKETING SERVICE

Figure 4

Country Selling

In addition to market outlets such as the terminals and auctions, "country selling" has become relatively important as a method of marketing livestock. 3/ Country selling accounted for virtually all sales of livestock prior to the beginning of the public stockyard development after 1865. Sales of livestock in the country declined thereafter and increasing numbers were sold at public market until this method reached its peak of selling at the time of World War I. But a new uptrend of country selling began after the War. Its expansion either as direct buying by packers or sale from farm and ranch through dealers to packers, came at the expense of terminal markets. The decline in proportion of all livestock moving through terminal public markets was largely accounted for by growth in country selling until the later 1930's and by growth in auctions since. Both direct and auction selling have a certain appeal, inasmuch as they permit producers to observe and exercise some control over selling while it takes place. Consignment to distant terminal markets at times represents an irreversible commitment to sell. Larger and more specialized livestock farmers feel competent to sell their livestock direct.

3/ "Country selling" as used in this report refers to producers' sales of livestock direct to packers, local dealers, or farmers without the support of commission men, selling agents, buying agents, or brokers.

As the extension of the railroad network across the country in the 19th century had an important part to play in the terminal market development, so the more recent development of trucking and improved highways facilitated the growth of market channels other than the established terminal markets. Farmers were no longer tied to outlets located at important railroad terminals or river crossings. Livestock could move in any direction. Improved communications, such as the radio and telephone, and an expanded market information service, also aided in the development of country selling of livestock, especially in sales direct to packers.

Direct selling is the dominant means of marketing hogs in many areas of the North Central States. It is also an important outlet for slaughter cattle in many areas, especially in the Pacific Coast States.

Some of the packers buy livestock direct from producers at the packers' plants and at their country buying points. These country buying points have fixed places of business including yards and scales where livestock are delivered directly by farmers. Cattle and hogs are often bought by packer-buyers who travel the country from farm to farm and from feedlot to feedlot making their bids on the livestock that they inspect.

There are tens of thousands of country buying operations by local dealers in all parts of the country. These include country buying operations by local buyers, by contract buyers for later delivery, by buyers purchasing on order for others, and by a variety of speculative buyers. Speculative buyers are often known by a variety of names in different parts of the country. They are sometimes called "livestock buyers," "traders," "scalpers," "truck buyers," "stock buyers," "pin-hookers," and "scavengers." Some of these country buyers purchase livestock at fixed establishments similar to packer-owned country buying points.

RELATIVE IMPORTANCE OF DIFFERENT MARKET OUTLETS USED BY FARMERS IN THE UNITED STATES

In 1955, farmers sold more livestock through terminal public markets than through any other single market outlet. 4/ However, "country sales," which includes livestock sold direct to packers (including local butchers), to local dealers, and to farmers, exceeded sales of farmers at terminal markets by about 4 percentage points. Livestock auction markets accounted for about one-fourth of all livestock sold by farmers (table 1).

4/ These estimates are based on data obtained in February and March 1956 in a survey of farmers' expenditures in 1955 by the Agricultural Marketing Service of the U. S. Department of Agriculture. The estimates contained in the report are subject to sampling errors of varying magnitudes, by kind of livestock, kind of market, and geographic regions. Generally speaking, sampling errors will be inversely related to the number of observations involved. For example, the data for the United States can be expected to be more reliable than the data for regions.

Table 1.--Livestock sold by farmers through different market outlets, United States, 1955

Kind of livestock	Number marketed 1/	Percentage through each outlet							
		Terminal public markets	Auctions	Country sales: Direct to packers 2/	Country sales: Local dealers	Country sales: Farmers	Country sales: Total country sales	All others	Total
	Thousands	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
All livestock 3/	61,156	34.2	25.7	14.7	15.1	8.2	38.0	2.1	100.0
Cattle	33,542	38.4	28.6	11.8	9.3	9.5	30.6	2.4	100.0
Calves under 1 year of age	18,389	21.6	43.0	7.5	14.3	10.2	32.0	3.4	100.0
Hogs and pigs	77,512	30.8	16.5	21.4	25.3	4.9	51.6	1.1	100.0
Sheep and lambs	21,105	34.7	14.1	21.1	14.9	12.0	48.0	3.2	100.0

1/ Estimated from the Survey of Farmers' Expenditures in 1955. See Appendix table 4 for comparison with official estimates of livestock marketed.

2/ Includes local butchers.

3/ Measured in terms of marketing equivalents--equal to 1 head of cattle, 3 calves, 4 hogs, or 10 sheep.

Farmers sell some stockers and feeders and also livestock for breeding purposes direct to other farmers.

Although farmers in the United States sold more livestock through terminal public markets than through any other single outlet, the relative importance of various outlets differed among the different species of livestock (table 1).

Farmers and ranchers marketed over one-third of their cattle, one-fourth of their calves, and about one-third of their hogs at terminal public markets. A little more than one-third of farmers' sheep were sold at this type of outlet.

Auction sales accounted for more than one-fifth of farmers' cattle, about two-fifths of their calves, and less than one-fourth each of hogs and sheep.

Livestock producers marketed about one-third of their cattle and calves at country points. Country points were the most important outlets for hogs, accounting for over one-half of farmers' sales. Farmers also sold nearly one-half of their sheep at country points.

IMPORTANCE OF LIVESTOCK MARKET OUTLETS, BY REGIONS

Some regional differences in the market outlets for livestock have been indicated earlier. Most of the large terminal markets are located in the Corn Belt area of the United States. Auctions are more widely distributed, and country selling is even more ubiquitous.

A more complete picture of market outlets used by farmers and ranchers when selling livestock is shown (fig. 5) for different regions of the country. Terminal markets lead in the North Central States. Auctions are the dominant markets in the South. In the Northeast and in the West, country selling is paramount.

North Central Region

In the North Central region, terminal markets received about 44 percent of the total marketings of livestock by farmers in 1955 (table 2). Country sales accounted for over 37 percent. Among these country sales, packers and local dealers were about equally important as buyers of livestock. Sales to farmers were relatively unimportant. Auctions handled about 18 percent of the livestock sold by farmers in the North Central Region.

Southern Region

In the same year, Southern States accounted for 20 percent of livestock production in the United States. In the Southeast especially, livestock has increased in importance during recent years. It should be noted, however, that Oklahoma and Texas alone account for over one-third of Southern States production and more than 8 percent of the total U. S. production of meat animals.

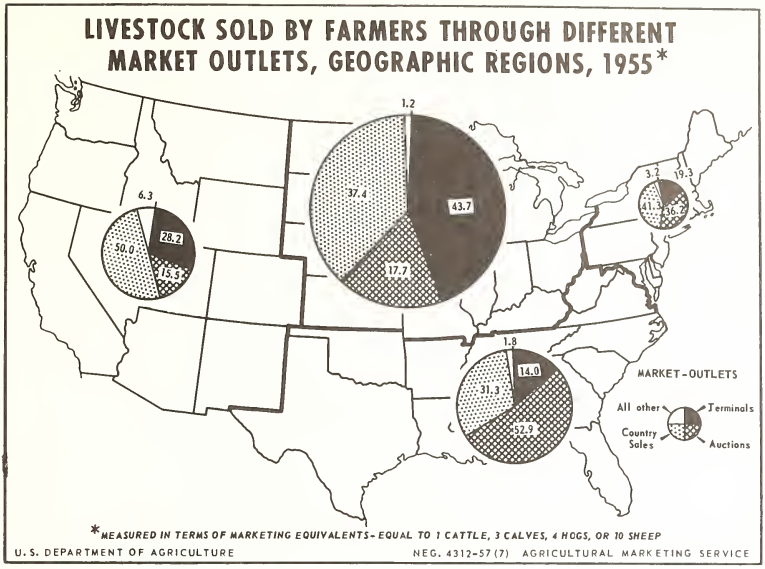

Figure 5

In the South auctions were the dominant outlet, taking about 53 percent of the livestock from farmers. Country sales were next in prominence, taking somewhat less than one-third of the livestock sold. Sales to farmers were most important among these country sales. The terminal markets accounted for only 14 percent of the livestock sales in the South.

Western Region

The Western Region supplied about 13 percent of the total meat animal production in 1955. This is the grazing area, the area of range production of cattle and sheep. Feeding of cattle and of sheep and lambs, although of relatively less importance than in the Corn Belt, has increased greatly in many areas of the West since World War II.

In the Western Region, country sales accounted for one-half of all livestock sales. Somewhat less than half of these country sales were sold direct to packers in the West. Sales to dealers and to farmers were about equally important. Terminal markets accounted for slightly more than one-fourth of all livestock sales while auctions accounted for another one-sixth.

Northeastern Region

The Northeast, which is largely a region of dairy production, accounted for about 4 percent of the total supply of meat animals for the United States.

Table 2.--Percentage of all livestock marketed through different market outlets, by geographic regions, 1955

Regions	Number marketed 1/	Percentage sold through livestock market outlets							
				Country sales					
		Terminal markets	Auctions	Direct to packers 2/	Local dealers	Farmers	Total country sales	All other	Total
	Thousands	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Northeast	2,291	19.3	36.2	4.6	22.4	14.3	41.3	3.2	100.0
North Central	37,136	43.7	17.7	16.5	16.2	4.7	37.4	1.2	100.0
South	13,217	14.0	52.9	6.6	11.3	13.4	31.3	1.8	100.0
West	8,512	28.2	15.5	22.5	14.0	13.5	50.0	6.3	100.0
United States	61,156	34.2	25.7	14.7	15.1	8.2	38.0	2.1	100.0

1/ Total salable receipts of all livestock are measured in terms of marketing equivalents. One marketing equivalent is equal to 1 head of cattle, 3 calves, 4 hogs, or 10 sheep. Relationships are based on comparative market weights of these 4 species of livestock.

2/ Includes local butchers.

In the Northeastern region, country sales, principally to local dealers, accounted for over two-fifths of the total marketings. The direct-to-packer movement was relatively unimportant. Auction markets took more than one-third of the livestock in the Northeast and terminal markets took about one-fifth.

RELATIVE IMPORTANCE OF MARKET OUTLETS BY SPECIES AND BY REGIONS

The extent to which the various types of market outlets were used by farmers for each of the species of livestock differed considerably from region to region (table 3).

A more detailed breakdown of geographical regions for livestock sold by farmers through different market outlets is shown in Appendix table 5.

The Southern Region is divided into South Atlantic, East South Central, and West South Central States. The North Central Region is divided by the Mississippi River into East and West North Central States. Western States are divided into Pacific Coast and Mountain States.

Cattle

In the North Central Region, terminal public markets were the principal outlets used by farmers for cattle, accounting for 54 percent of all cattle sold in that region (fig. 6). Auctions and country sales were about equally important, each accounting for 22 percent. Sales at country points were more important in the East North Central than in the West North Central States.

In the South, auctions were the primary market outlet used. In this region farmers' sales of cattle at this type of market comprised 53 percent of the cattle sold; 12 percent were sold through terminal public markets. In the South Atlantic States alone, auctions took over two-thirds of the cattle. Auctions are as important a market outlet for cattle in the South as terminal public markets are in the North Central Region.

In the Northeastern region country selling was the chief single market outlet for cattle and accounted for two-fifths of total sales. Among country sales in the Northeast, local dealers were the principal outlet, accounting for over half of all cattle sold. Sales to farmers accounted for more than one-third, with the remainder going direct to packers. Auctions, dealers, and other farmers were especially important as outlets for cows and heifers kept for milk in the Northeastern region.

Country sales were the dominant type of market outlet for cattle in the West, accounting for one-half of cattle sold by farmers and ranchers. Among country sales, direct to packer sales ranked first and accounted for a little less than half of the cattle sold at country points. Marketings at country points were twice as important in the Pacific States as in the Mountain States. On the other hand, terminal public markets and auctions were much more important in the Mountain States than in the Pacific States.

Table 3.--Percentage of different species of livestock sold through different market outlets, by geographic regions, 1955

Kind of livestock and region	Number marketed 1/	Percentage sold through market outlets							
		Terminal public markets	Auctions	Country sales: Direct to packers 2/	Country sales: Local dealers	Country sales: Farmers	Country sales: Total country sales	All other	Total
	Thousands	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Cattle:									
Northeast	1,302	21.0	35.7	3.4	21.7	15.4	40.5	2.8	100.0
North Central	18,430	53.8	22.3	10.5	6.1	5.7	22.3	1.6	100.0
South	7,601	11.9	53.4	6.4	12.0	14.5	32.9	1.8	100.0
West	6,209	28.8	15.4	24.2	12.8	13.0	50.0	5.8	100.0
United States	33,542	38.4	28.6	11.8	9.3	9.5	30.6	2.4	100.0
Calves under 1 year:									
Northeast	1,915	13.4	48.1	5.2	25.6	5.6	36.4	2.1	100.0
North Central	6,989	29.8	39.6	8.3	13.9	7.3	29.5	1.1	100.0
South	6,720	19.0	53.9	5.4	8.9	10.4	24.7	2.4	100.0
West	2,765	13.2	21.7	12.3	20.4	19.9	52.6	12.5	100.0
United States	18,389	21.6	43.0	7.5	14.3	10.2	32.0	3.4	100.0
Hogs and pigs:									
Northeast	1,251	23.7	13.2	7.3	20.8	28.9	57.0	6.1	100.0
North Central	62,287	33.6	9.3	24.5	29.1	2.7	56.3	.8	100.0
South	12,222	15.7	52.7	8.6	8.7	12.7	30.0	1.6	100.0
West	1,752	42.2	21.9	13.1	10.9	10.1	34.1	1.8	100.0
United States	77,512	30.8	16.5	21.4	25.3	4.9	51.6	1.1	100.0
Sheep and lambs:									
Northeast	379	23.2	45.6	8.2	10.8	4.5	23.5	7.7	100.0
North Central	8,072	46.0	12.8	23.2	5.1	11.4	39.7	1.5	100.0
South	3,219	13.6	35.4	2.6	32.5	14.9	50.0	1.0	100.0
West	9,435	32.7	6.8	26.0	17.3	11.9	55.2	5.3	100.0
United States	21,105	34.7	14.1	21.1	14.9	12.0	48.0	3.2	100.0

1/ See footnote 1, table 1.
2/ Includes local butchers.

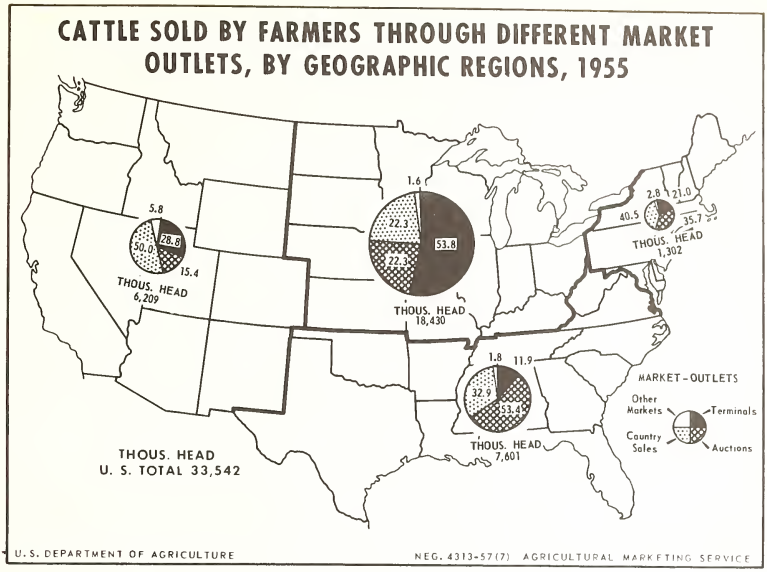

Figure 6

Calves

Marketing through auctions was the chief single method of selling calves in the North Central, Northeastern, and Southern Regions (fig. 7). However, farmers in the West sold more than half of their calves at country points. In the Pacific Coast States, where a large proportion of the calves are vealers of dairy breeding, an especially large percentage was sold in the country.

Among country sales in the West, local dealers and farmers shared as buyers about equally, and together accounted for over 75 percent of calves sold at country points. Sale of calves direct to packers accounted for 23 percent. Auctions took 22 percent of the calves in this region. Terminal public markets were least important as an outlet for calves in the West as a whole, but they were more important in the Mountain States than in the Pacific Coast States.

In the Northeastern Region, where auctions took about half of the calves, country sales ranked second as market outlets. Local dealers took more than one-fourth of the total calf sales. Sales to farmers and direct to packers together accounted for less than one-third of total country sales in that region.

Auctions accounted for about two-fifths of the calves sold in the North Central Region. Terminal public markets and country selling shared about equally and together took 60 percent of the calves sold by farmers. However,

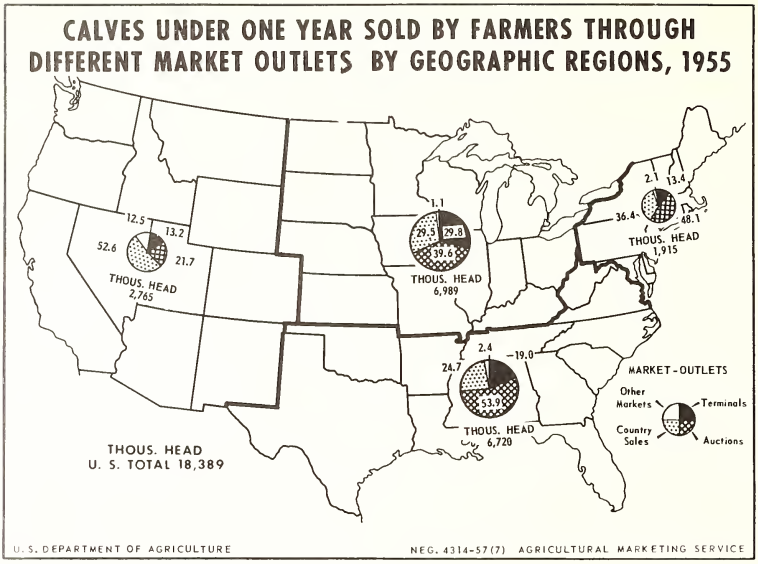

Figure 7

among country sales, local dealers accounted for about half of the calves sold, followed in importance by sales direct to packers and to farmers. In the East North Central States, country sales were most significant, while in the West North Central States, terminal public markets were dominant.

Auctions took 54 percent of the calves sold in the South. Among country sales, which together accounted for one-fourth of all calves sold in the South, farmers took about two-fifths. Local dealers followed in importance with more than one-third and direct-to-packer sales accounted for less than one-fourth. In the South Atlantic States, over two-thirds of the calves sold by farmers were marketed through auctions.

Hogs and Pigs

Country selling was the dominant method of marketing hogs and pigs in the North Central Region, the most highly concentrated area of hog production in the United States. Country selling accounted for over 50 percent of farmers' hog and pig sales in 1955 (fig. 8). Within the country sales category, however, direct to packer sales accounted for over two-fifths. These sales were more important in the Western than in the Eastern portion of the North Central region. Terminal public markets were second in importance as outlets for hogs in the entire North Central Region. However, they were somewhat more notable in the East North Central than in the West North Central States.

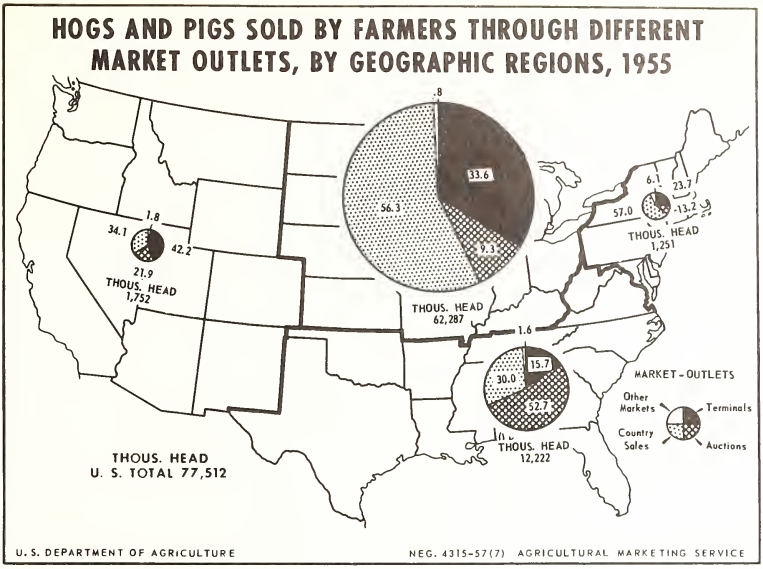

Figure 8

In the South, the second ranking hog production region, auction markets were the chief outlet for farmers selling hogs and pigs, accounting for 53 percent of all farmers' sales. Auctions took almost three-fourths of the hogs in the South Atlantic States, but only about one-third in the East South Central and West South Central States. Country sales accounted for more than one-fourth of all the hogs and pigs sold by farmers. These sales were about twice as important in the West South Central States as in the South Atlantic or East South Central States. Terminal public markets ranked third in importance as outlets for hogs in the South as a whole, but were first in importance in the East South Central States.

In the Northeastern Region, country selling was the primary method of marketing hogs. It accounted for over one-half of farmers' hog sales in 1955. Of the country sales, farmers took 51 percent of the hogs sold and local dealers about 36 percent. Direct to packer sales accounted for a little more than 13 percent.

In the West, where hog production is of minor importance and widely scattered, over two-fifths of the hogs and pigs sold by producers were marketed through terminal public markets. In the Pacific States, terminal markets were the dominant outlets, while country selling was more important in the Mountain States. Country selling was second in importance as an outlet for hogs and pigs in the region as a whole, accounting for more than one-third of all sales. Among

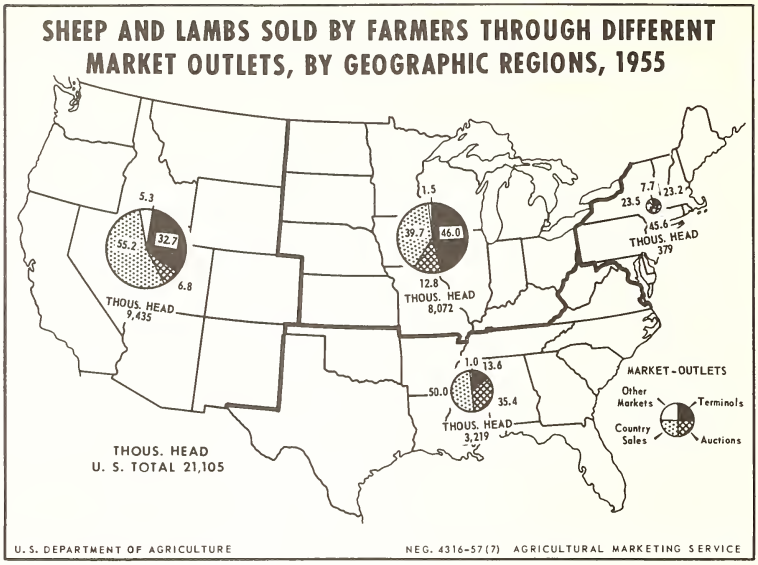

Figure 9

these country markets, sales to local dealers, farmers, and direct to packers were about equal. Farmers' sales direct to packers and to local dealers were more important in the Mountain States than in the Pacific Coast States.

Sheep and Lambs

The relative importance of different market outlets for sheep and lambs sold by farmers in different regions of the country is shown in figure 9. In the Western Region, the most important sheep and lamb production area, farmers and ranchers sold over one-half of their sheep and lambs as country sales. Of these sales, sales direct to packers accounted for about half. Dealers took less than one-third and farmers accounted for a little more than one-fifth. Sales direct to packers were more important in the Mountain States than in the Pacific Coast States. Dealers were much more dominant as outlets for sheep and lambs in the Pacific States than in the Mountain States. Terminal public markets in the West were second in importance as outlets, accounting for about 33 percent of sheep and lambs sales. Auctions were of lesser importance and took about 7 percent of the total sheep and lambs sold by farmers during 1955 in this area.

In the Northeastern region, auctions were the most important market outlets used by farmers, accounting for 46 percent of total sales. Country sales and terminal public markets shared about equally, and together accounted for about 47 percent. Among country sales in the Northeast, local dealers took about half of the sheep and lambs marketed by farmers. Sales direct to packers accounted for more than one-third and farmers about one-fourth.

In the North Central Region, terminal public markets were the principal outlets for sheep and lambs in 1955. Terminal markets accounted for 46 percent, followed by country sales which accounted for 40 percent. Over one-half of total country sales went direct to packers. Farmers took over one-fourth. Local dealers were relatively unimportant in the buying of sheep and lambs at country points. In the East North Central States, more than half of the sheep and lambs sold were marketed at country points, while in the West North Central States, three-fifths were sold at terminal public markets. Auctions were less important as market outlets in the entire North Central Region, accounting for only 13 percent of total sales.

Farmers in the Southern region marketed half of their sheep and lambs through country selling points in 1955. Local dealers accounted for nearly two-thirds of country sales, with farmers taking almost one-third. Sales direct to packers were of little importance. In the West South Central States, country selling was the main outlet, while in the South Atlantic and East South Central States, auction markets were the dominant outlet. For the South as a whole, auctions were second in importance as an outlet for sheep and lambs. Farmers' sales through auctions accounted for about 35 percent of total sheep and lambs sold. However, in the South Atlantic States, over two-thirds of the sheep and lambs were sold through auctions. Terminal public markets in the South are of less importance as outlets for sheep and lambs, accounting for about 14 percent of sales.

CHOICE OF MARKET OUTLETS

Market outlets used by farmers and ranchers in selling their livestock in 1955 represent their evaluation of the most favorable market among the number of alternatives available to them. There is no simple and brief statement of criteria that can be given as a single guide to the choice of the most favorable market outlet. An evaluation would be required of the contributions made by alternative markets in terms of available services offered, selling costs, the competitive nature of the pricing process, and ultimately the producer's net return. An accurate appraisal is not a simple one.

History has recorded a number of changes in patterns of marketing. Some outlets have gained in importance; others have declined. Marketing is dynamic. Marketing institutions, marketing patterns, and marketing practices are constantly changing. A variety of market outlets will undoubtedly continue to be available for livestock producers. It is therefore probable that progressive evolution in types of market outlets, market structures, and market services will continue.

Producers can be expected to shift at times from one type of market outlet to another. Because price changes at different market outlets do not take place simultaneously, nor in the same amount, nor even in the same direction, one market may be the most advantageous outlet for a particular class and grade of livestock at one time, but another may be more advantageous at some other time. The situation may differ for different classes and kinds of livestock and may vary from one area to another.

APPENDIX

Table 4.--Number of livestock marketed by species and specified regions, estimates from a survey of farmers' expenditures, and official estimates of the U. S. Department of Agriculture, 1955

Region	Cattle		Calves	
	Expenditure survey	Official estimate 1/	Expenditure survey	Official estimate 1/
	Thousand	Thousand	Thousand	Thousand
United States	33,542	31,418	18,389	15,453
North East	1,302	1,110	1,915	2,080
North Central	18,430	16,543	6,989	4,924
East North Central	5,478	4,627	3,214	2,517
West North Central	12,952	11,916	3,775	2,407
South	7,601	7,734	6,720	6,197
South Atlantic	2,576	1,387	1,247	1,419
East South Central	1,916	1,701	1,984	1,700
West South Central	3,109	4,646	3,489	3,078
West	6,209	6,031	2,765	2,252
Mountain	3,402	3,771	1,626	1,191
Pacific	2,807	2,260	1,139	1,061
	Hogs and pigs		Sheep and lambs	
United States	77,512	75,381	21,105	21,522
North East	1,251	1,457	379	280
North Central	62,287	62,808	8,072	8,275
East North Central	24,585	24,453	3,625	2,372
West North Central	37,702	38,355	4,447	5,903
South	12,222	9,625	3,219	3,792
South Atlantic	5,831	3,788	751	483
East South Central	4,325	3,573	406	805
West South Central	2,066	2,264	2,062	2,504
West	1,752	1,491	9,435	9,175
Mountain	535	616	6,881	6,630
Pacific	1,217	875	2,554	2,545

1/ Excludes most intrastate sales to farmers. Estimates adapted from Meat Animals - Farm Production, Disposition, and Income, by States, 1955-56. U. S. Dept. Agr., Agr. Mktg. Serv., Crop Reporting Board, April 1957.

Table 5.--Livestock sold by farmers through different market outlets, by geographic regions, 1955 1/

Kind of livestock and region	Number marketed 2/	Percentage sold through market outlets							
		Terminal public markets	Auctions	Country sales: Direct to packers 3/	Country sales: Local dealers	Country sales: Farmers	Country sales: Total country sales	All other	Total
	Thousands	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Cattle:									
Northeast	1,302	21	36	3	22	15	40	3	100
East North Central	5,478	49	20	9	12	8	29	2	100
West North Central	12,952	56	23	11	4	5	20	1	100
South Atlantic	2,576	4	68	8	13	6	27	1	100
East South Central	1,916	22	45	4	12	16	32	1	100
West South Central	3,109	13	46	7	11	20	38	3	100
Mountain	3,402	39	22	11	10	10	31	8	100
Pacific	2,807	17	8	39	16	17	72	3	100
United States	33,542	38	29	12	9	10	31	2	100
Calves under 1 year:									
Northeast	1,915	13	48	5	26	6	37	2	100
East North Central	3,214	28	27	12	25	7	44	1	100
West North Central	3,775	31	50	5	5	8	18	1	100
South Atlantic	1,247	3	69	3	5	15	23	5	100
East South Central	1,984	19	56	9	8	7	24	1	100
West South Central	3,489	25	47	4	11	11	26	2	100
Mountain	1,626	17	22	2	21	24	47	14	100
Pacific	1,139	8	21	26	20	14	60	11	100
United States	18,389	22	43	8	14	10	32	3	100

(Continued)

Table 5.--Livestock sold by farmers through different market outlets, by geographic regions, 1955 1/--Con.

Kind of livestock and region	Number marketed 2/	Percentage sold through market outlets: Terminal public markets	Auctions	Country sales: Direct to packers 3/	Local dealers	Farmers	Total country sales	All other	Total
	Thousands	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Hogs and pigs:									
Northeast	1,251	24	13	7	21	29	57	6	100
East North Central	24,585	35	10	20	32	2	54	1	100
West North Central	37,702	32	9	28	27	3	58	1	100
South Atlantic	5,831	1	73	9	8	8	25	1	100
East South Central	4,325	39	33	6	4	15	25	3	100
West South Central	2,066	8	36	14	20	20	54	2	100
Mountain	535	8	33	27	18	12	57	2	100
Pacific	1,217	57	17	7	8	9	24	2	100
United States	77,512	31	16	22	25	5	52	1	100
Sheep and lambs:									
Northeast	379	23	46	8	11	4	23	8	100
East North Central	3,625	29	18	27	9	17	53	---	100
West North Central	4,447	60	9	19	2	7	28	3	100
South Atlantic	751	8	71	---	17	2	19	2	100
East South Central	406	36	55	8	---	1	9	---	100
West South Central	2,062	11	18	3	44	23	70	1	100
Mountain	6,881	36	6	32	13	9	54	4	100
Pacific	2,554	24	9	12	28	20	60	7	100
United States	21,105	35	14	21	15	12	48	3	100

1/ Data in this table, in general, have less statistical reliability than the estimates for larger regions presented in earlier tables.
2/ See table 1, footnote 1.
3/ Includes local butchers.

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